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TELEGRAM

April 10, 2002

To: SECSTATE WASHDC - IMMEDIATE

Action: WHA

From: AMEMBASSY CARACAS (CARACAS 953 - IMMEDIATE)

TAGS: ECON, EPET, ENRG, VE

Captions: None

Subject: PDVSA: APRIL 9 REFINERY STATUS

Ref: Caracas

RELEASED IN FULL

1. Summary: Venezuelan domestic refinery capacity is currently approximately 500,000 b/d of a potential 1.3 million b/d. One source cautions that the shortage of gas may yet shut down the giant Paraguana complex. An electrical problem at the Isla Refinery in Curacao forced PDVSA to declare force majeure. Sargeant Marine rep reports that loading operations have halted because administrative units in Caracas are not issuing the necessary orders. He hoped problem would be resolved afternoon of April 9. End summary.

REFINERY CAPACITY

2. We continue to try to sift the wheat from the chaff of the many rumors about the operational status of PDVSA refineries and production facilities. The following is a list of PDVSA refineries in Venezuela and the Caribbean with their total production capacity and our best information on their current level of operation:

NAME	CAPACITY	CURRENT OPERATIONS

In Venezuela:		
Paraguana	940,000 b/d	400,000 b/d
El Palito	130,000 b/d	0
Puerto La Cruz	200,000 b/d	100,000 b/d
San Roque	5,000 b/d	0
Bajo Grande	15,000 b/d	0
Caribbean:		
Saint Croix	273,000 b/d	273,000 b/d
Curacao	300,000 b/d	0

Thus, of daily domestic refinery capacity of approximately 1.3 million b/d, Venezuela is currently producing approximately 500,000 b/d. Much of this capacity has been lost because of gas shortages. Gas facilities in Western Venezuela are said to be completely shut down while facilities in the East are also partially shut in. A source at the Paraguana complex told us April 8 that (besides units down for a planned upgrade) four units were shut down because of gas shortages and safety concerns. Overnight that number increased to 15. Late on April 9, a source informed us that the gas shortage is nearing a critical level which could shut the entire complex down. The San Roque and Bajo Grande Refineries (the first near Puerto La Cruz and the second in Lake Maracaibo) have also been affected by gas shortages. Finally, the El Palito Refinery, which some believe may have been sabotaged, is still expected to return to operation by the end of the week at the earliest.

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REVIEW AUTHORITY: JOHN L MILLS
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3. As an example of the alarmist nature of many of the rumors flowing here, Econoff was informed early April 9 that there had been an explosion at the Isla Refinery in Curacao. Econoff contacted ConGen Curacao and a member of the staff quickly verified that the refinery had had an electrical problem. PDVSA subsequently declared force majeure, informing its clients it would not be able to meet its supply commitments from the Refinery.

LOADING

4. A representative of Sargeant Marine confirmed to Econoff that there are a number of vessels waiting to be loaded. His list included vessels as follows: three at El Palito; three at Puerto La Cruz; two at Las Salinas; two at Puerto Miranda; and three at Bajo Grande (Las Salinas, Puerto Miranda and Bajo Grande are all located in Lake Maracaibo). Reportedly, lifting operations have halted because administrative units in Caracas are not issuing the necessary orders. The Sargeant Marine representative hoped the problem would be resolved the afternoon of April 9. Another source subsequently provided Econoff with an additional list of vessels awaiting loading at the Paraguana complex, Puerto Cabello, and Puerto La Cruz. These delays may yet force the shut down of some production wells. Current estimates are that Venezuelan tank farms are full with at least 15 million barrels of crude in storage.

PRODUCTION

5. Our information on production is spotty. However, international oil company representatives have confirmed that field production in the four extra heavy crude projects continues normally. Several companies have also confirmed business as usual in their operations on land near Lake Maracaibo. While PDVSA operations on land in Zulia are said to have been affected, operations in the Lake are reportedly normal.

ATMOSPHERE OF UNCERTAINTY AND FEAR

6. Government supporters and representatives of the Bolivarian circles have been demonstrating today in front of PDVSA's Caracas Corporate headquarters and operational building. PDVSA dissidents called for a march on the operations building and there was some minor violence between the two groups. Outside of Caracas, members of local Bolivarian circles have promised to take the names of employees who did not report to work. A source in an oil field service company in Zulia reported to Econoff that his company had received calls from known members of their local Bolivarian circle asking if the company was working.

SHAPIRO

Additional Addressees:
None

cc:

AMCONSUL CURACAO
AMEMBASSY MEXICO
AMEMBASSY PORT OF SPAIN
AMEMBASSY BRASILIA
AMEMBASSY QUITO
AMEMBASSY LIMA
AMEMBASSY BOGOTA
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	FAAE-00	UTED-00	VC-00	FRB-00	H-01	TEDE-00	INR-00
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End Cable Text

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